



From: Jonathan Dorfman (jonathan.dorfman@carltonhillgc.com)
Sent: Thursday, November 08, 2007 3:31 PM
To: Jim O'Brien
Subject: RE: Heads up and market color

I think we can ask jph about Senthil and if he is going to work with Mihir I can hire the Lehman girl to do it...

-----Original Message-----

From: Jim O'Brien
Sent: Thursday, November 08, 2007 2:49 PM
To: Jonathan Dorfman
Subject: Re: Heads up and market color

Agreed.

I look forward to getting under the hood on all of this stuff!

Jim O'Brien
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----- Original Message -----

From: Jonathan Dorfman
To: Jim O'Brien
Sent: Thu Nov 08 14:43:17 2007
Subject: RE: Heads up and market color

Jim:

I spoke to Reaz and went through the issue—the bottom line is Falcon owns \$400mm of 3 year Structured Finance CDO paper that is marked around 60% price. On his margin call for his financing, the call was for 95% of par implying a mark for every single position at 5%. I told him to pay the cash and we will look at the valuations next week as under no circumstances do we want to create a panic about CAI not meeting margin calls.

I am going to try to review his positions tomorrow or Tuesday morning (he is out Monday) and draw my own conclusions.

This is why we need Senthil or another full-time risk person—I asked Senthil for a list of all CDO and ABS positions one week ago and what he sent me was a broad "Liquid Investment" summary without any details.
This place is a mess!

I think we keep this away from Havens until we have all of the facts.

Jon

-----Original Message-----

From: Jim O'Brien

Sent: Thursday, November 08, 2007 2:18 PM
To: Jonathan Dorfman
Subject: Fw: Heads up and market color

You should follow up with him and we can explore in more detail next week.

Could be ugly...?

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----- Original Message -----

From: Islam, Reaz <reaz.islam@citi.com>
To: Jim O'Brien
Sent: Thu Nov 08 13:29:29 2007
Subject: Heads up and market color

Jim, Just wanted to give you heads up and some market color on our SFCDO positions in light of some recent developments. Pls call me at your convenience.

Regards,
Reaz

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